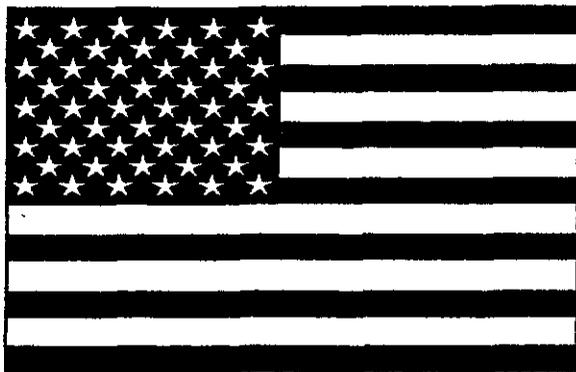


MEMORANDUM OF UNDERSTANDING



*The United States
Securities and Exchange Commission*



*The Comissão do Mercado
de Valores Mobiliários of Portugal*

*Concerning Consultation and Cooperation
in the Administration and Enforcement
of Securities Laws*

*Washington, D.C.
October 10, 1997*

MEMORANDUM OF UNDERSTANDING

BETWEEN THE

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

AND THE

COMISSÃO DO MERCADO DE VALORES MOBILIÁRIOS OF PORTUGAL

CONCERNING CONSULTATION

AND COOPERATION IN THE

ADMINISTRATION AND ENFORCEMENT OF

SECURITIES LAWS

October 10, 1997

The United States Securities and Exchange Commission and the Comissão Do Mercado De Valores Mobiliários of Portugal, recognizing the increasing international activity in the securities markets and the corresponding need for mutual cooperation as a means for improving their effectiveness in administering and enforcing the securities laws of their respective countries, have reached the following understanding:

ARTICLE I: DEFINITIONS

For the purposes of this Memorandum of Understanding:

- (a) "Authority" means:
 - (i) the Securities and Exchange Commission of the United States, or
 - (ii) the Comissão Do Mercado De Valores Mobiliários of Portugal.
- (b) (i) "requested Authority" means an Authority to whom a request is made under this Memorandum of Understanding.
- (ii) "requesting Authority" means an Authority making a request under this Memorandum of Understanding.
- (c) "person" means a natural person, unincorporated association, partnership or body corporate; or a government, political subdivision, agency, instrumentality of a government, or any equivalent authority.
- (d) "issuer" means a person who issues or proposes to issue any security.

- (e) "investment business" means any business that involves, in whole or in part, effecting transactions in securities for the accounts of others; buying and selling securities for one's own account; advising others, for compensation, either directly or through publications or listings, as to the value of securities or as to the desirability of investing in, purchasing or selling securities; engaging on behalf of an issuer of securities in matters relating to the issuance, registration, exchange, or transfer of such securities; the management, promotion, offer or sale of any investment company or collective investment scheme; or equivalent activities conducted by persons or entities.
- (f) "securities processing business" means a clearing agency or securities transfer agent.
- (g) "securities market" means an exchange or other market, including an over-the-counter market, for equity securities, debt securities, options, or any other security that is recognized, regulated or supervised by the Authorities.
- (h) "laws or regulations" means the provisions of the laws, or regulations promulgated thereunder, of the United States and Portugal, concerning:
- (i) insider trading;
 - (ii) misrepresentation or the use of fraudulent, deceptive, or manipulative practices in

- connection with the offer, purchase, or sale of any security, or in the conduct of investment businesses;
- (iii) the duties of persons to comply with reporting requirements or requirements relating to changes in corporate control;
 - (iv) acquisitions of and notifications of interests in securities (including powers to control the voting rights attached to securities and powers to dispose of securities), and associations and agreements in relation to securities and control over bodies corporate;
 - (v) the making of a false or misleading statement or any material omission in any application or report made to the Authorities;
 - (vi) the duties of persons, issuers, or investment businesses to make full and fair disclosure of information relevant to investors;
 - (vii) the duties of investment businesses, securities markets, and securities processing businesses pertaining to their financial, operational or other requirements, and their duties of fair dealing in the offer and sale of securities, the execution of transactions, and the conduct of their businesses; and
 - (viii) the financial and other qualifications of

those engaged in, or in control of, issuers, investment businesses, securities markets, or securities processing businesses.

The laws or regulations identified in subparagraphs (i) - (viii) represent examples of matters for which assistance will be available under this Memorandum of Understanding and are not intended to limit the Memorandum of Understanding as it may apply to other laws, regulations, and regulatory policies of the States of the Authorities concerning securities.

ARTICLE II: ESTABLISHMENT OF A FRAMEWORK FOR CONSULTATIONS REGARDING MATTERS OF MUTUAL INTEREST

The Authorities intend to consult periodically about matters of mutual interest in order to enhance cooperation and to protect investors by ensuring the stability, efficiency, and integrity of the securities markets of the United States and Portugal; the coordination of market oversight; and the administration of United States and Portugal securities laws or regulations. The purpose of such consultations is to assist in the development of mutually agreeable approaches for strengthening the securities markets of the United States and Portugal while avoiding, whenever possible, conflicts that may arise from the application of differing regulatory practices.

ARTICLE III: MUTUAL ASSISTANCE FOR THE EXCHANGE OF INFORMATION

Section 1: SCOPE OF ASSISTANCE

1. The Authorities will provide the fullest mutual assistance, to the extent permitted by the law of the United States

and Portugal, within the framework of this Memorandum of Understanding. Such assistance will be provided to facilitate the enforcement of the laws or regulations applicable to securities markets and their members; market surveillance and oversight; the granting of licenses, authorizations, waivers or exemptions for the conduct of investment businesses; the inspection or examination of investment businesses; and the conduct of investigations, litigation or prosecution where information located within the jurisdiction of the requested Authority is needed to determine whether, or prove that, the laws or regulations of the State of the requesting Authority may have been violated. Such assistance will be provided without regard to whether the type of conduct described in the request for assistance would constitute a violation of the laws or regulations of the State of the requested Authority.

2. Assistance available pursuant to this Memorandum of Understanding includes, but is not limited to:

- (a) providing access to information in the files of the requested Authority;
- (b) taking testimony and statements of persons;
- (c) obtaining information and documents from persons; and
- (d) conducting compliance inspections or examinations of investment businesses, securities processing businesses, and securities markets.

3. The Authorities recognize that, at present, they may not in all circumstances possess the power to provide the assistance contemplated in this Memorandum of Understanding. Where an

Authority identifies that it lacks the power to implement a particular provision of this Memorandum of Understanding, it will use all reasonable means to obtain such power.

4. Where a request for assistance is made pursuant to this Memorandum of Understanding, and an Authority does not yet have the power to provide the requested assistance, the Authority will use all reasonable efforts to obtain the aid of other governmental agencies in order to provide the requested assistance.

Section 2: GENERAL PRINCIPLES FOR PROVIDING ASSISTANCE

1. This Memorandum of Understanding sets forth a statement of intent of the Authorities to establish a framework for mutual assistance and to facilitate the exchange of information between the Authorities to enforce or secure compliance with any laws or regulations of their respective jurisdictions, as defined herein, and does not impose any legally binding obligation on the Authorities or supersede domestic law.

2. This Memorandum of Understanding does not affect any right of either Authority arising under the law of its State or any other arrangement to take measures otherwise than as provided herein to obtain information necessary to ensure compliance with, or to enforce, the laws or regulations of its State. In particular, this Memorandum of Understanding does not affect any right of either Authority to communicate with, or obtain information or documents from, any person on a voluntary basis in the State of the other Authority.

3. No provision of this Memorandum of Understanding shall be construed as conferring upon any person or authority other than those designated herein a right, directly or indirectly, to obtain, suppress or exclude any information or to challenge the execution of a request for assistance under this Memorandum of Understanding.

4. The Authorities recognize the need for and desirability of providing mutual assistance and exchanging information to assist each other in securing compliance with the laws or regulations of their respective States. A request for assistance may be denied, however, by the requested Authority:

- (a) where the request would require the requested Authority to act in a manner that would violate the laws of the State of the requested Authority;
- (b) where the request is not in accordance with the provisions of this Memorandum of Understanding; or
- (c) on grounds of public interest.

Where a request for assistance is denied or opposed, or where assistance is not available under the law of the State of the requested Authority, the requested Authority will provide the reasons why the assistance is not being granted, and consult pursuant to Section 7.

Section 3: REQUESTS FOR ASSISTANCE

1. Requests for assistance will be made in writing and addressed to the requested Authority's contact officer listed in Appendix A.

2. Requests will specify:
 - (a) a general description of both the subject matter of the request and the purpose for which the assistance or information is sought;
 - (b) a general description of the assistance, documents, information, testimony, or statements of persons sought by the requesting Authority;
 - (c) any information in the possession of the requesting Authority that might assist the requested Authority in identifying the persons or entities believed by the requesting Authority to possess the information sought, or the places where such information may be obtained;
 - (d) the legal provisions pertaining to the matter that is the subject of the request; and
 - (e) the desired time period for the reply.

3. In urgent circumstances, a request for assistance and a reply to such request may be effected by summary procedures or by means of communication other than the exchange of letters, provided that all such communications are confirmed in writing in the manner prescribed in this Section.

Section 4: EXECUTION OF REQUESTS

1. Access to information held in the files of the requested Authority will be provided upon the request of the requesting Authority pursuant to Section 3 of this Article.

2. When requested by the requesting Authority, the requested Authority will take the testimony or statements of persons

involved, directly or indirectly, in the activities underlying the request, or possessing information that may assist in carrying out the request. The requesting Authority may, in its discretion, request the taking of the testimony or statements of specific persons. The requested Authority also may require the production of other evidence from any other party or parties designated by the requesting Authority.

3. The obtaining of testimony or statements, the gathering of documents, and the response to a request under this Memorandum of Understanding will be conducted in accordance with the procedures of the requested Authority and by persons designated by the requested Authority, unless otherwise agreed by the Authorities.

4. Notwithstanding paragraph 3 of this Section, when requested by the requesting Authority, testimony or statements will be taken and a transcript will be made. In addition, a representative of the requesting Authority may be present at the taking of testimony or statements and may prescribe, to a designated representative of the requested Authority, specific questions to be asked of any witness.

5. Notwithstanding any other provision of this Memorandum of Understanding, any person providing testimony, statements, information, or documents as a result of a request made under this Memorandum of Understanding will be entitled to all the applicable rights and privileges of the laws of the State of the requested Authority. Assertions regarding rights and privileges arising

exclusively pursuant to the laws of the State of the requesting Authority will be preserved for consideration by the courts in the State of the requesting Authority.

6. When requested by the requesting Authority, an inspection or examination will be conducted of the books and records of an investment business or its custodian or agent, a securities market, or a securities processing business. In addition, a representative of the requesting Authority may be present at the inspection or examination and, subject to approval by the requested Authority, may participate in that inspection or examination.

7. In addition to participating in the taking of testimony or statements pursuant to paragraph 4 of this Section, or an inspection or examination pursuant to paragraph 6 of this Section, the requesting Authority may submit to the requested Authority a request, with reasons, that a person or persons designated by the requesting Authority be permitted to conduct the testimony or take a statement of any person, or conduct an inspection or examination.

(a) The request may be granted, modified or denied by the requested Authority in its discretion.

(b) Where the requested Authority grants a request which specifies that the law of the State of the requesting Authority requires the opportunity for counsel for the witness or any party to the proceeding to pose questions to the witness, the requested Authority will use its best efforts to ensure that such an opportunity will be given.

- (c) Section 7 of this Article applies to the denial of a request referred to in this Section.

Section 5: PERMISSIBLE USES OF INFORMATION

1. The requesting Authority may use the information furnished solely:

- (a) for the purposes stated in the request with respect to ensuring compliance with, or enforcement of, the laws or regulations of the requesting Authority, including the legal provisions specified in the request and related provisions; and
- (b) for purposes within the general framework of the use stated in the request, including conducting a civil or administrative enforcement proceeding, assisting in a self-regulatory organization's surveillance or enforcement activities, assisting in a criminal prosecution, or conducting any investigation related thereto for any general charge applicable to the violation of the provisions specified in the request.

2. In order to use the information furnished for any purpose other than those stated in paragraph 1 of this Section, the requesting Authority will first notify the requested Authority of its interest in such use. The requested Authority will advise its views within 14 days and, if necessary, the Authorities will consult pursuant to the provisions of Section 7 to ensure full consideration of both their views on the proposed use. Fourteen day advance notification need not be provided where disclosures are

made to persons having the legal power to compel disclosure; in such cases, notification will be provided according to Section 6, paragraph 3.

Section 6: CONFIDENTIALITY OF REQUESTS AND INFORMATION

1. To the extent permitted by law, except for disclosures in accordance with Section 5 of this Article and disclosures that are absolutely necessary to carry out the request:

(a) each Authority will keep confidential requests made under this Memorandum of Understanding, the contents of such requests, and any other matters arising during the operation of this Memorandum of Understanding, including consultations between the Authorities, and unsolicited assistance; and

(b) the requesting Authority will keep confidential any information received from the requested Authority pursuant to this Memorandum of Understanding.

2. Except as contemplated by Section 5 of this Article, the requesting Authority will not offer the information to, and shall use its best efforts to ensure that it is not obtained by, any other person. To ensure confidentiality of any information provided by a requested Authority in response to a request under this Memorandum of Understanding, where appropriate, the requested Authority will in good faith determine and represent that such public disclosure of the information would violate the laws of its State. Unless otherwise agreed, if such information is obtained by any other person the requesting Authority will use its best efforts

to ensure that such information will not be used by that person in any way that involves disclosure to any other person.

3. The requesting Authority will notify the requested Authority of any legally enforceable demand for information prior to complying with the demand, and will assert such appropriate legal exemptions or privileges with respect to such information as may be available.

4. In response to a request by the requested Authority, and to the extent permitted by law, as soon as the requesting Authority has terminated the matter for which assistance has been requested under this Memorandum of Understanding, it will return to the requested Authority all documents and copies thereof not already disclosed in proceedings referred to in Section 5 of this Article and other material disclosing the contents of such documents, other than material that is generated as part of the investigative, deliberative or internal analytical process of the requesting Authority.

**Section 7: CONSULTATION REGARDING MUTUAL ASSISTANCE
PURSUANT TO THIS MEMORANDUM OF UNDERSTANDING**

1. In any case of dispute over the meaning of any term used in this Memorandum of Understanding, the Authorities will define such term in accordance with the relevant laws of the State of the requesting Authority.

2. The Authorities will consult with each other regarding this Memorandum of Understanding with a view to improving its operation and resolving any matters that may arise. In particular, the Authorities will consult upon request in the event of:

- (a) a denial by one Authority of, or opposition by one Authority to, a request or proposal made by the other Authority pursuant to this Memorandum of Understanding; or
- (b) a change in market or business conditions, or in the legislation governing the matters set forth in paragraph (h) of Article I, or any other circumstance that makes it necessary or appropriate to amend or extend this Memorandum of Understanding in order to achieve its purposes.

3. The Authorities may agree on such practical measures as may be necessary to facilitate the implementation of this Memorandum of Understanding.

4. Any of the conditions of this Memorandum of Understanding may be amended, relaxed, or waived by mutual agreement.

Section 8: UNSOLICITED ASSISTANCE

To the extent permitted by the laws or regulations of the respective State, each Authority will use reasonable efforts to provide the other Authority with any information it discovers that gives rise to a suspicion of a breach, or anticipated breach, of the laws or regulations of the State of the other Authority.

Section 9: COSTS OF INVESTIGATION

If it appears that responding to a request for assistance under this Memorandum of Understanding will involve substantial costs being incurred by the requested Authority, the requested Authority and the requesting Authority will establish a cost-

APPENDIX A

CONTACT OFFICERS

United States Securities and Exchange Commission
450 5th Street N.W.
Washington, D.C. 20549
U.S.A.

Attention: Director, Office of International Affairs

Tel.: (202) 942-2770
FAX: (202) 942-9524

Comissão Do Mercado De Valores Mobiliários
Av. Fontes Pereira de Melo, 21
1050 Lisboa
PORTUGAL

Attention:

Tel.: 011-351-1-350-30-00
FAX: 011-351-1-353-70-77/78

sharing arrangement before continuing to respond to such request for assistance.

ARTICLE IV: FINAL PROVISIONS

Section 1: EFFECTIVE DATE

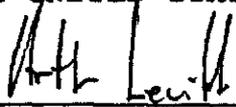
Cooperation in accordance with this Memorandum of Understanding will begin on the date of its signing by the Authorities.

Section 2: TERMINATION

Cooperation in accordance with this Memorandum of Understanding will continue until the expiration of 30 days after either Authority gives written notice to the other Authority of its intention to discontinue the cooperation. If either Authority gives such notice, cooperation in accordance with this Memorandum of Understanding will continue with respect to all requests for assistance that were made before the effective date of notification until the requesting Authority terminates the matter for which assistance was requested.

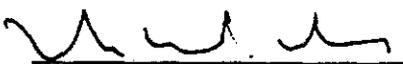
DONE at Washington, D.C., this 10th day of October, 1997, in duplicate, in the English and Portuguese languages, both texts being equally authentic.

FOR THE SECURITIES AND
EXCHANGE COMMISSION OF
THE UNITED STATES:



Arthur Levitt
Chairman

FOR THE COMISSÃO DO
MERCADO DE VALORES
MOBILIÁRIOS OF
PORTUGAL:



Jose Nunes Pereira
Chairman